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U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE

PRE-APPEAL BRIEF REQUEST FOR REVIEW	Docket Number (Optional) FAN-0027/US	
	Application Number 09/998,332-Conf. #5587	Filed December 3, 2001
	First Named Inventor Franklin D. Raines	
	Art Unit 3692	Examiner C. B. Graham

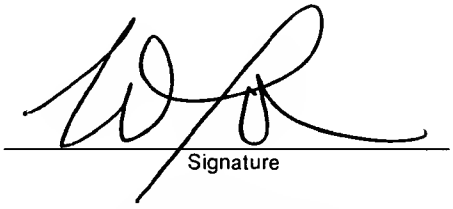
Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reason(s) stated on the attached sheet(s).
Note: No more than five (5) pages may be provided.

I am the

- [ ] applicant /inventor.
- [ ] assignee of record of the entire interest. See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed. (Form PTO/SB/96)
- [x] attorney or agent of record. Registration number 40,290
- [ ] attorney or agent acting under 37 CFR 1.34. Registration number if acting under 37 CFR 1.34. _____



Signature

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Typed or printed name

(202) 955-3750
Telephone number

September 22, 2008
Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below*.

- [ ] *Total of 1 forms are submitted.

Docket No.: FAN-0027/US
(PATENT)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:
Franklin D. Raines

Application No.: 09/998,332 | Confirmation No.: 5587

Filed: December 3, 2001 | Art Unit: 3692

For: REPURCHASE AGREEMENT LENDING FACILITY | Examiner: C. B. Graham

REQUEST FOR PRE-APPEAL BRIEF PANEL REVIEW OF FINAL REJECTION

MS AF
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

This is a full and timely response to the Advisory Action mailed on August 5, 2008.

The rejections found within the Final Office Action are traversed at least for the following reasons, discussed below:

This amendment is in response to the Official Action dated April 16, 2008. Claim 1-28 remain pending in this application. Claims 1, 10, 18, 19, and 28 are independent claims. Reconsideration and allowance is requested in view of the following remarks. No new matter has been added by this Amendment.

Rejections under 35 U.S.C. § 101

Claims 1, 10, and 18-19 have been rejected under 35 U.S.C. § 101 based upon the allegation that the claimed invention is directed to non-statutory subject matter, particularly an algorithm.

The requirements set forth in the Office Action are at odds with those actually held in the *State Street* decision. The definition of statutory subject matter as set forth by the Examiner is

decidedly narrower than what is required by the statute as interpreted by the Court of Appeals for the Federal Circuit.

The Federal Circuit has held that the evaluation of currency, when having clear application to reality and business, such methods recite statutory subject matter that has "a useful, concrete and tangible result". It is stated that "**it is no ground for holding a claim is directed to nonstatutory subject matter to say it includes or is directed to an algorithm. This is why the proscription against patenting has been limited to mathematical algorithms** . . . .' "
State Street, 47 USPQ2d at 1602, quoting *In re Iwahashi*, 888 F.2d 1370, 1374, 12 USPQ2d 1908, 1911 (Fed. Cir. 1989).

The steps of the claimed method, as well as the results of "enhancing the liquidity of a tradable security" are clearly instances of a practical application, and not a mere abstraction. The Office Action's position that the decision to offer or retain a security based on available information is not a useful activity implies that the creation of wealth and currency is not a useful result, but a mere mathematical algorithm. However, this reading is completely contradictory to the holding of *State Street*.

Accordingly, withdrawal of the rejections under 35 U.S.C. § 101 is respectfully requested.

Rejections under 35 U.S.C. § 112

Claims 1, 10, and 18-19 have been rejected under 35 U.S.C. § 112 for failing to point out and particularly claim the subject matter which applicant regards as the invention. In particular, the Office action asserts that the "language fails to distinctly claim applicant's invention because the scope of the claim is unclear, 'what happens if the security is not squeezed'?----. Moreover the specification fails to clarify the meaning of the limitation."

First, claim 1 recites "offering to the market a second portion of the holding during the squeezed other than for the purpose of effecting non-borrowing reserves..." As such, the fifth line of claim 1 only applies in cases where the security is being squeezed. While the nature of the fifth line renders the last step conditional, it does not render the step unclear. Furthermore, as a portion of claim 1, this step is clearly necessary for infringement and, therefore, for anticipation.

Asserting that the "language fails to distinctly claim applicant's invention because the scope of the claim is unclear," confuses the scope of the claim with an issue of clarity. Clearly, other actions can be taken if the security is not being squeezed; however, those conditions are not within the scope of claims 1, 10, 18, and 19.

Second, the Office Action asserts that the definition of what it means for a security to be "squeezed" in insufficient. However, the Office Action also cites of a financial dictionary which defines the term "squeeze" in both the financial and investment markets. Furthermore, paragraph [007] of U.S. Publication 2003/0074300 (publication of the present application) defines the term "squeeze." Given that the term "squeeze" is defined similarly both in the specification as filed and in the general investment field, one of ordinary skill would be able to readily understand the metes and bounds of the claims.

Accordingly, withdrawal of this rejection is respectfully requested.

Rejections under 35 U.S.C. § 103

Claims 1-27 have been rejected under 35 U.S.C. § 103(a) as obvious over U.S. Patent No. 5,101,353 to Lupien et al. ("Lupien") in view of the 4th Edition (1995) of the Dictionary of Finance ("DoF").

With respect to claim 1, neither Lupien nor DoF teach or suggest "*retaining a first portion of the holding; determining when the security is being squeezed; and offering to the market a second portion of the holding during the squeeze other than for the purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security.*"

Lupien only discloses a system for trading a large number of stocks automatically. In essence, the Lupien system allows a user to create a virtual trader that will continue to trade securities in a portfolio and manage all or part of the portfolio based on the predefined criteria. While the disclosed system may increase market liquidity by increasing the number of trades in securities, Lupien does not disclose any particular security trading strategy. As such, Lupien does not disclose a trading strategy employing squeeze securities or the buying or selling of only a portion of a given security holding. Instead, Lupien only offers an open-ended framework for automatically trading securities.

The citation to the DoF simply provides definitions from the term "squeeze" in reference to financial and investment markets.

The Office Action rejects claim 1 by citing to column 2, lines 60-67 and column 3, lines 1-67. However, these citations only disclose the benefit of having automatic securities trades in light of the general cost of managing large portfolios containing numerous securities based on predetermined risk/return ratios.

The Office Action admits that Lupien fails to teach or suggest "determining when the security is being squeezed," and cites to DoF as the basis for including the concept of a security

squeeze for rejecting claim 1. However, the Office Action provides no basis or strategy in either Lupien or DoF for employing a security squeeze to yield a profit or provide liquidity. Furthermore, the Office Action provides no basis or strategy which divides and manages the holdings of a security in two separate portions.

The fact that a "squeeze" is a defined condition does not logically suggest a given trading strategy to promote liquidity. The presence of a defined condition only illustrates that this condition is known to exist. It does not suggest a given response.

Therefore, even a combination of Lupien and DoF would fail to teach or suggest "*retaining a first portion of the holding; determining when the security is being squeezed; and offering to the market a second portion of the holding during the squeeze other than for the purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security.*"

For the reasons stated above, claims 10, 18 and 19 also overcome Lupien and the DoF (although claims 1, 10, 18 and 19 should be interpreted solely based upon the limitations set forth therein).

With respect to claim 2, Lupien and DoF fail to teach or suggest that "*the step of offering to the market a second portion of the holding further comprises the step of auctioning the second portion of the holding to a group of market participants according to a pre-determined bid range.*"

The Office Action cites to the abstract, column 2 (lines 60-67), column 3 (lines 1-67), column 15 (lines 38-67), and column 16 (lines 1-35). However, none of these columns pertain to the buying and selling of securities in portions. Furthermore, none of these columns recite selling at a predetermined bid range. Columns 2 and 3 discuss issues pertaining to the transactions involving large portfolios, while columns 15 and 16 simply include the first claim in Lupien directed to an automatic trading platform.

By contrast, claim 2 is directed to the process of offering the second portion of the market holdings at a predefined bid range, elements neither taught nor suggested by Lupien. Furthermore, the cited portion of the DoF fails to disclose these elements.

All of claims 3, and 5-8 impart a range limitation onto the independent claim.

The Office Action cites to the abstract, column 2 (lines 60-67), column 3 (lines 1-67), column 15 (lines 38-67), and column 16 (lines 1-35). However, none of these columns nor any portion of Lupien or the DoF teach or suggest *a minimum bid set,* the sizes of the first

and second portions, the range of the issue, or any of the limitations set forth in claims 3, and 5-9.

The Office Action provides a blanket rejection, citing to the abstract, column 2 (lines 60-67), column 3 (lines 1-67), column 15 (lines 38-67), and column 16 (lines 1-35).

However, neither Lupien nor the DoF provide a reasonabe argument or strategy where the security holdings are sold in various portions in response to a squeeze nor offer a basis for setting any of the disclosed values and ranges. This is simply declared obvious in the Office Action without any further explanation.

Claim 9 recites the "*step of repoing the second portion of the holding.*" This step is also not disclosed, as neither reference discloses the repoing of holding in any way.

For the reasons set forth above, neither Lupien nor DoF teach or suggest the various features of claims 1-9. For similar reasons to those set forth above, neither Lupien nor DoF claims 10-27.

Accordingly, withdrawal of the rejections pertaining to at least the above-mentioned claims is respectfully requested.

Dated: September 22, 2008

Respectfully submitted,

By _____

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